NFA/IAI - Mr. Arthur A. Houghton November 1, 1977

L/C - Fabian A. Kwiatek

Talking Points Regarding USS Liberty Incident

I have taken the liberty of redrafting the draft Talking Points which you handed me on October 31. In doing so, I have incorporated many of the points contained in your paper, but also broadened the paper to include specific details, statistics and dates.

If you have any questions, please let me know.

Your draft paper is returned herewith.

Attachments:
1. Redraft
2. Original Draft

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [signature] DATE 8/1/83
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TALKING POINTS

Claim of U.S. Government
for Damages to the USS Liberty

--- As you know, the American people and numerous members of Congress are expressing a continuous interest in the facts and circumstances surrounding the attack by the Israeli Government on the USS Liberty, even though such incident occurred more than ten years ago. We are aware that some of the interest continues to be stimulated by unreliable and sometimes quite erroneous articles in the media. Nevertheless, residual aspects of the incident remain open and continue to elicit quite pointed questions about the policy of the United States regarding the Liberty incident and toward the Government of Israel itself.

--- The most important outstanding issue is that relating to the claim of the Government of the United States for damages to the USS Liberty. Let me briefly review the matter:

(A) The Government of Israel attacked the USS Liberty without provocation and in international waters on June 8, 1967. Promptly following the attack, the Government of Israel informed the United States Government that it assumed responsibility

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for the attack and was prepared to make amends for the tragic losses which occurred.

(B) On December 29, 1967, our Embassy in Tel Aviv presented to the Government of Israel claims totaling $3,323,500 on behalf of the families of the 34 men killed in the attack. After negotiations, the Government of Israel paid the full amount claimed on May 27, 1968. On March 28, 1969, our Embassy presented claims totaling $3,452,275 on behalf of the 164 injured members of the crew. The Government of Israel paid the full amount claimed on April 28, 1969. In both cases, U.S. Treasury checks drawn on the funds received from the Government of Israel were sent to the claimants within a month after the Israeli payment was received.

(C) On July 1, 1968, the Government of the United States presented to the Government of Israel a formal diplomatic claim for $7.6 million based upon damages sustained by the USS Liberty. Interest was not included as an element of the claim. In August 1971 the Government of Israel offered to pay the Government of the United States $100,000 "...in token of the Government of Israel recognition of its liability in the matter." In September 1971 the Department

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rejected the offer because it was a token rather than a substantial offer of payment, that it had no relationship to the amount of damage actually sustained, and that such acceptance could establish an undesirable precedent.

--- The Government of the United States last requested payment of the claim from the Government of Israel on or about September 22, 1971. Notwithstanding the non-payment or further communications from the Government of Israel about the matter, the Government of the United States considers the claim as an outstanding and valid obligation of the Government of Israel.

--- As the Government of Israel will admit, the claim of the Government of the United States for adequate payment for damages sustained by the USS Liberty is valid. It is important that the Governments of the United States and Israel reach agreement at an early date on a figure that will permit us to put this tragic incident behind us. If this cannot be done, it will only create complications in our broader relationship and leave the way open for continued charges that Israel is ignoring its promises of payment and violating applicable principles of international law.

--- It is becoming increasingly difficult for the Department to explain why there has been no settlement on this

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legally valid claim more than ten years after the vessel was damaged.

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